



Scott Christian UNIVERSITY

SCHOOL OF PROFESSIONAL STUDIES

BACHELOR OF BUSINESS ADMINISTRATION

UNIT CODE/NAME: BBA 306: INTERMEDIATE MACRO-ECONOMICS THEORY

September- December 2019/2020 End Semester Exam - Time: 2 Hours

Instructions: Answer Question ONE (Compulsory) and any other TWO questions.

QUESTION ONE

- a) Differentiate between GDP, GNP, NNP and PDI (8 Marks)
- b) What are the major components of Gross national product (5 Marks)
- c) Based on the information in provided in the table below.
 - i. What is the value of GDP? (4 Marks)
 - ii. What is the value of net exports? (3 Marks)
 - iii. What is the value of NNP? (4 Marks)

Government purchases	Shs 120 billion
Depreciation	Shs 40 billion
Consumption	Shs 400 billion
Business Investment	Shs 60 billion
Exports	Shs 100 billion
Imports	Shs 120 billion
Income receipts from rest of the world	Shs 10 billion
Income payments to rest of the world	Shs 8 billion

- d) Explain the different types of unemployment (6 Marks)

QUESTION TWO

- a) Define inflation and inflation rate (5 Marks)
- b) What are the major causes of inflation in Kenya (8 Marks)
- c) How is inflation managed by the central bank of Kenya (2 Marks)

QUESTION THREE

- a) What is Money Supply (2 Marks)
- b) What is the Effect of Money Supply on the Economy (8 Marks)
- c) How Money Supply is Measured (5 Marks)

QUESTION FOUR

- a) What do you understand by the term balance of payments (2 Marks)
- b) Explain the three major components of a BOP (3 Marks)
- c) Explain the concept of deficit or surplus BOP (10 Marks)

QUESTON FIVE

- a) Explain the concept of interest rates in Kenya (4 Marks)
- b) How Interest Rates Drive Economic Growth (6 Marks)
- c) What are the effects of the exchange rate on Kenyan businesses (5 Marks)